

APPENDIX 6A

Interconnection Agreement Letter from PG&E

Pacific Gas and Electric Company

77 Beale Street
San Francisco, CA 94105

Mailing Address

Mail Code B16A
P.O. Box 770000
San Francisco, CA 94177
415/973-7000

Via Mail and Fax

October 11, 2001



Mr. Frank Middleton
Calpine Corporation
4160 Dublin Blvd.
Dublin, CA 94568

**Re: Request for Preliminary Application For Gas Service – Central Valley
Energy Center**

Dear Mr. Middleton:

Pacific Gas and Electric Company (PG&E) has completed a System Impact Study (SIS) and a Preliminary Facility Study (PFS) for a gas service to Calpine Corporation's (Applicant) proposed Central Valley Energy Center (Facility), located approximately 1 mile south of the town of San Joaquin, California. For the purposes of this SIS and PFS, it is assumed that Applicant will engineer, build, own and operate the estimated 20 mile gas pipeline from the Facility to the proposed meter set to be located near PG&E's Line 2 near the intersection of West Manning Avenue and South Jerrald Avenue, Fresno County, California. PG&E has assumed a requested gas service load of 7876 MMBTU/Hr, year round at 600 to 650 psig pressure, and a gas service delivery date of January 2004.

Any future changes to the service requirements for the Facility or PG&E's system prior to commencement of service to the current proposed power plant projects may impact these results.

Standard Facilities Design:

The Standard Facilities Design would require:

- ☐ An 8-inch tap on PG&E's Line 2;
- ☐ Installation of approximately 100 feet of 8-inch steel pipeline from PG&E's Line 2 to the meterset; and
- ☐ A new 12-inch ultrasonic meter.

PG&E estimates the minimum prevailing unregulated service delivery pressure downstream of the metering to be between 430 to 880 psig of unregulated pressure downstream of the meter set.

Special Facilities Design:

To provide Applicant with elevated service delivery pressure would require:

- A 12-inch tap on PG&E's Line 2;
- Installation of approximately 100 feet of 12-inch steel pipeline from PG&E's Line 2 to the meterset; and
- A new 12-inch ultrasonic meter.

PG&E estimates that the Special Facilities Design will likely be able to provide prevailing service to the proposed Facility at an unregulated pressure downstream of the meterset of 440 to 880 psig.


Backup alternative: To provide Applicant with a tap and isolation valve to PG&E's Line 401 for temporary gas service should service from Line 2 temporarily be interrupted, PG&E would need to install:

- A 12-inch tap into PG&E's Line 401;
- 100 feet of 12-inch steel pipeline from Line 401; and
- Isolation valving and sundry items.

Should Applicant decide to proceed with the elevated pressure option, or the backup connection to Line 401 option, Applicant would be responsible for the incremental costs under PG&E's 'Gas Rule 2.

Cost Estimates:

A. Applicant Costs – Rule 16 Standard Facility Design at prevailing service delivery pressure	+/- 50% Cost
1. Install 8" tap on PG&E Line 2	\$20,000
2. Install 100' of 8" gas service line from Line 2 to the meter set	\$12,000
3. Install 12" turbine meter	\$500,000
4. Income Tax Component of Construction (ITCC) (35% of A.1 A.2., and A.3.)	\$186,000
Total Cost to Applicant under Standard Facilities Design	\$718,000



B. Applicant Costs – Rule 2 Special Facilities Design at elevated service delivery pressure		+/- 50% Cost
1. Install 12" tap on PG&E Line 2 (incremental)		\$5,000
2. Install 100' of 12" gas service line (incremental)		\$3,000
3. Install 12" turbine meter (incremental)		\$0
4. Income Tax Component of Construction (ITCC) (35% of B.1., B.2., and B.3.)		\$3,000
5. Cost-of-Ownership, Equivalent One-Time Payment Option		\$5,000
Total Cost to Applicant under Special Facilities Design		\$16,000
Total Cost to Applicant under Standard and Special Facilities Design		\$734,000


C. Applicant Costs – Rule 2 Special Facilities Design for Backup Gas Service Connection to Line 401		+/- 50% Cost
1. Install 12" tap on PG&E Line 401		\$25,000
2. Install 100' of 12" pipe from Line 401 to meter set		\$15,000
3. Install valves and sundry equipment		\$50,000
4. Income Tax Component of Construction (ITCC) (35% of C.1., C.2., and C.3.)		\$32,000
5. Cost-of-Ownership, Equivalent One-Time Payment Option		\$59,000
Total Cost to Applicant for backup to Line 401 under Special Facilities Design		\$181,000

The Applicant would be responsible for installing at its cost, the meter set foundation and any necessary meter protection and all necessary pressure regulation and over pressure protection facilities, which has not been included in above-mentioned costs. Applicant is also responsible to provide outside power and phone drop to the meter site. The meter site location is subject to PG&E's approval.

Next Steps:

PG&E now provides Applicant with requirements necessary in order for PG&E to proceed with this project. Applicant should submit to PG&E a Formal Application for Gas Service, which would include the following:

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- ❑ An updated Cogen/Power Plant Interconnection Information Sheet, or confirmation that the previous information is correct.
 - ❑ A site map of the proposed meterset location.
 - ❑ A cash advance of \$75,000
 - ❑ The estimated annual gas usage of the proposed Facility.
 - ❑ The gas service delivery alternative Applicant has selected (Standard or Special Facilities).

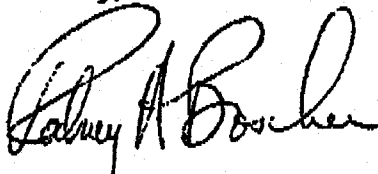
This cash advance is to finalize the engineering required to develop the project to a point where PG&E can proceed with construction, and does not include ordering long lead-time material. The final costs and work schedule for this phase will be determined as PG&E proceeds with detailed engineering and land work.

Please forward the cash advance made out to Pacific Gas and Electric to:

Pacific Gas and Electric PG&E
Attn: Rod Boschee
Mail Code: B16A
77 Beale Street
San Francisco, CA 94105

If you have any questions about this information, please call me at 415-973-2908 or Mike O'Brien at 415-973-5652.

Sincerely,



Rodney A. Boschee
Manager, Contract Development and Management